

**MILPITAS TRANSIT AREA SPECIFIC PLAN FISCAL ANALYSIS**

**21-Nov-06**

**Alternative C: 5,200 Housing Units, 275,000 SF Retail & \$450 CFD**

**Economics Research Associates**

**Incorporates Comments by Emma Karlen, Finance Director**

Table 1

**MILPITAS TRANSIT AREA FISCAL ANALYSIS: INPUT ASSUMPTIONS & OUTPUT CONCLUSIONS**  
**Alternative C: 5,200 Housing Units, 275,000 SF Retail & \$450 CFD**

<b>Inflation Rate 2006-2030</b>	2.95%	ERA Assumption
<b>TOTAL PROJECT AREA (Acres)</b>	437	Dyett & Bhatia
Great Mall Redevelopment Area	146	Dyett & Bhatia
Other Redevelopment Area	245	Dyett & Bhatia
Piper Montague (Outside RDA Area)	46	Dyett & Bhatia

**BUILD-OUT ASSUMPTIONS BY 2030: MODEL INPUT**

<b>Total Housing Units</b>	<b>5,200</b>	<b>Dyett &amp; Bhatia &amp; City of Milpitas</b>
<b>Hotel Units</b>	<b>350</b>	<b>Dyett &amp; Bhatia Based Upon ERA Market Analysis</b>
<b>Office Space in SF</b>	<b>800,000</b>	<b>Dyett &amp; Bhatia Based Upon ERA Market Analysis</b>
<b>Retail Space in SF</b>	<b>275,000</b>	<b>ERA Market Analysis &amp; Property Owner Input</b>

**Rental and Below Market Housing**

Number of Units	1,300	25% of total units
Average Unit Size (NSF)	960	ERA Market Based Assumption
Average Unit Size (GSF)	1,091	ERA Market Based Assumption
Assessed Value per SF	\$175	Represents Mostly Below Market Housing
Assessed Value per Unit	\$190,909	Represents Mostly Below Market Housing

**Market Rate Owner Housing**

Number of Units	3,900	75% of total units
Average Unit Size (NSF)	1,760	ERA Market Based Assumption
Average Unit Size (GSF)	2,000	ERA Market Based Assumption
Assessed Value per SF	\$325	ERA Market Based Assumption
Avg Sales Price in 2006	\$572,000	ERA Market Based Assumption

**Office Space**

Number of Buildings	NA	ERA Market Based Assumption
Total Size in GSF	800,000	ERA Market Based Assumption
Assessed Value per SF (2006 dollars)	\$340	ERA Market Based Assumption

**Retail Space**

Number of Buildings	NA	
Total Size in GSF	275,000	ERA Market Based Assumption
Assessed Value per SF (2006 dollars)	\$250	ERA Market Based Assumption
Retail Sales per SF per Year	\$325	ERA Market Based Assumption

**Hotel**

Number of Properties	1	ERA Market Based Assumption
Number of Rooms	350	ERA Market Based Assumption
Number of SF	217,000	Dyett & Bhatia
Room Rate in 2006 Dollars	\$145	ERA Market Based Assumption
Assessed Value per SF (2006 dollars)	\$300	ERA Market Based Assumption

**OUTSIDE REDEVELOPMENT AREA - PIPER MONTAGUE SUBAREA ONLY (46 Gross Acres)**

Number of Rental Housing Units	232	Average Density of 36 per Net Acre
Number of Owner Units	927	Average Density of 36 per Net Acre
Retail SF	20,000	Local Serving Retail

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**WITHIN REDEVELOPMENT AREA - EXCLUDES PIPER MONTAGUE SUBAREA (391 Gross Acres)**

Number of Rental Housing Units	1,068	Project Area less Piper Montague
Number of Owner Housing Units	2,973	Project Area less Piper Montague
Number of Hotel Units	350	Project Area less Piper Montague
Amount of Retail Space	255,000	Project Area less Piper Montague
Amount of Office Space	800,000	Project Area less Piper Montague

**KEY REVENUE & COST ASSUMPTIONS**

**Property Tax or Tax Increment**

RDA Tax Increment Share	60.00%	Years one through ten
RDA Tax Increment Share	43.20%	Years 11 through 30
General Fund Property Tax Share	19.00%	Applies only to Piper Montague Subarea
CFD Per Residential Unit per Year	\$450.00	Adjusted Annually by Higher of CPI or 2%

**Taxable Retail Sales Generation**

Per New Resident per Year	\$10,000	Total based countywide average
Per New Resident per Year	\$1,800	Amount Spent in New Project Area Retail Development <sup>1</sup>
Per New Resident per Year	\$3,500	Amount Spent in Great Mall & Other Parts of Milpitas
Per New Resident per Year	\$4,700	Leakage to Other Communities
Per New Employee	\$2,400	Total Associated with Place of Work
Per New Employee	\$1,000	Amount Spent in New Project Area Retail Development <sup>1</sup>
Per New Employee	\$1,400	Amount Spent in Great Mall & Other Parts of Milpitas

**Transient Occupancy Tax**

Tax Rate	8.0%	City Finance Department (Excludes 2% Dedicated to Library)
Hotel Occupancy Rate	70.0%	Long Term Stabilized Occupancy Rate

**Net Service Cost Impact**

Per New Resident	\$571	See Tables 2 & 3 for allocation and computation
Per New Employee	\$161	See Tables 2 & 3 for allocation and computation

**SUMMARY OF FISCAL IMPACTS: CUMULATIVE 2006-2030 (in millions)**

New Tax Increment Revenue for Redevelopment Agency	\$275.3
Additional General Fund Cost & Revenue for City	
New Property Taxes	\$48.3
New Sales Tax	34.9
New Transient Occupancy Tax	38.6
New CFD Revenue	50.5
New Service Cost	(171.6)
Net Cumulative Cost Revenue Balance 2006-2030	\$0.7
Combined RDA and General Fund Impact	\$276.0